

Message Text

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71

ACTION ARA-20

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PA-03 USIA-15

PRS-01 RSR-01 /139 W

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P R 182315Z JUL 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 8530

USDOC WASHDC PRIORITY

INFO AMEMBASSY BONN

AMCONSUL FRANKFURT

AMCONSUL MUNICH

US MISSION BERLIN 17

AMCONSUL CALI

AMCONSUL MEDELLIN

LIMITED OFFICIAL USE BOGOTA 5915

E.O. 11652: N/A

TAGS: EFIN, CO

SUBJECT: USA WINS AWARD FOR U.S. \$29 MILLION THERMO-CARTAGENA

REF: BOGOTA 4320; BOGOTA 4253; BOGOTA 1254; BOGOTA 5776;

US MISSION BERLIN 1222; BONN 9922

DEPT OF STATE PLS PASS TO HENRY KEARNS, EXIMBANK

1. EMB PLEASED TO REPORT THAT AGENCY OF GOC ANNOUNCED TODAY
THAT WESTINGHOUSE HAS WON THE AWARD FOR U.S. \$29 MILLION THERMO
CARTAGENA.

2. THIS CONTRACT TO SUPPLY AND INSTALL TWO 66 MW (EACH)
THERMAL ELECTRIC GENERATING UNITS AT CARTAGENA ON THE NORTH COAST
IS THE LARGEST SINGLE COMMERCIAL CONTRACT AWARDED TO A FIRM
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OF ANY NATIONALITY IN COLOMBIA WITHIN LOCAL MEMORY, WITH THE

POSSIBLE EXCEPTION OF CIVIL WORKS FOR THE CHIVOR
DAM (WON BY THE ITALIANS).

3. JACOBO ACOSTA, MANAGER, CORPORACION ELECTRICA DE LA
COSTA ATLANTICA (CORELCA), THE BUYER, CONFIRMED U.S. VICTORY TO
COMMERCIAL ATTACHE BY TELEPHONE FROM COAST THIS AFTERNOON,
JULY 18. ACOSTA SAID THAT FINANCING WAS THE MOST MINUTELY
DISCUSSED ISSUE AT DECISIVE CORELCA BOARD MEETING YESTERDAY,
JULY 17, WHICH LASTED UNTIL 9:00. P.M. EXIMBANK OFFER, ALONG
WITH EXCELLENT WESTINGHOUSE TECHNICAL PROPOSAL AND PRICE,
PREVAILED DESPITE EXTREMELY TEMPTING SOFT CREDITS (25 YEARS
AT 5 PERCENT) OFFERED BY SIEMENS THROUGH KFW AND HERMES.
NO QUESTION THAT EXIMBANK'S FLEXIBILITY OF TERMS WAS CRUCIAL.

4. CORELCA BOARD MUST MEET AGAIN MONDAY JULY 23 TO RATIFY MINUTES
OF YESTERDAY'S BOARD MEETING BUT PRO FORMA NATURE OF RATIFICATION
IS SIGNALLED BY FACT THAT ACOSTA HELD PRESS CONFERENCE THIS
MORNING ANNOUNCING WESTINGHOUSE AS WINNER.

5. VICOORIOUS WESTINGHOUSE PROPOSAL WAS COMPLETE TURNKEY
JOB. WESTINGHOUSE WILL, HOWEVER, UTILIZE LOCAL FIRM, DISTRAL,
TO PROVIDE BOILERS. DISTRAL HAS 8 PERCENT U.S. CAPITAL (WIDELY
DISTRIBUTED AND IS WORKING UNDER LICENSE WITH FOSTER WHEELER
OF NEW JERSEY, WHICH WILL SUPPLY AT LEAST 40 PERCENT OF PARTS
FOR DISTRAL'S OVERALL INPUT TO PROJECT IN ADDITION TO RECEIVING
ROYALTIES.

6. ACCORDING WESTINGHOUSE REPRESENTATIVES HERE, AFTER LOCAL COSTS
ARE SUBTRACTED, VALUE OF EQUIPMENT, MATERIALS, AND SERVICES
TO BE PURCHASED FROM MAINLAND USA, IS AT LEAST US\$20 MILLION,
POSSIBLY MORE. ACOSTA SAID THERE ARE STILL SOME LOOSE ENDS
CONCERNING FINANCING WHICH HE WILL BE DISCUSSING WITH WESTINGHOUSE
AND EXIMBANK. EXIMBANK COUNSEL RICHARD E. YOUTZ IS SCHEDULED
TO VISIT CORELCA HEADQUARTERS BARRANQUILLA FRIDAY, JULY 20.

7. COMMENT: WHILE WE ARE DELIGHTED WITH NEWS, WE ARE CONCERNED
THAT CORELCA'S ANNOUNCEMENT OF AWARD PRIOR TO COMPLETION OF
ALL PROCEDURES MAY PROVIDE OPENING FOR COMPETING FIRMS TO FILE
PROTEST. WESTINGHOUSE, HOWEVER, IS CONFIDENT THAT IT NOW HAS
A FINAL DECISION IN THIS BITTERLY FOUGHT CONTEST. WHITE
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